



# Clerk / Auditor

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**Steve S. Rawlings, CGFM**  
Clerk/Auditor

## Budget Message for 2014

**December 10, 2013**

Thanks to our Elected Officials, Department Heads, Budget Committee and very qualified staff who have diligently helped assemble the balanced budget presented this evening for public comment and Commission approval. You have the budget documents before you that have been made available to the public since November 21. There is also supplemental information which has been handed out this evening for review and comment.

A quick review of the materials available includes:

- Budget Message for 2014
- Who Gets Your Tax Dollars Chart
- Budget Highlight Sheet
- Budget Final Page and Fund Summary Budget Final Report

Davis County has had relatively flat operating budgets for the past four years. The economic downturn has certainly contributed with the slowdown in the economy; however, Davis County continues to strive to provide necessary services at the lowest cost to taxpayers. In presenting the proposed 2014 budget, we are not recommending any tax increases, but a relatively flat operating budget with a small increase in operating revenues. We are also not recommending any reduction to services for our County residents.

Summarizing the comparative 2013 approved operating expenditure budget of \$103.8 million against the 2014 proposed operating expenditure budget of \$104.8 million yields a 0.96% increase or approximately \$1.0 million. Included in this increase is a performance pay increase for all eligible merit employees. For 2014, County Departments requested an additional \$7.4 million more than revenues available. Requests have been trimmed by \$7.4 million to match available resources and continue to provide uninterrupted services to our residents.

Flood projects in past years have been completed through the utilization of monies from a \$27 million dollar Flood Bond. Property taxes revenues collected annually makes an approximate \$2 million debt service payment on this bond. Future flood projects will be undertaken using available resources and fund balance from the Flood Control fund.

Economic Recovery Zone Bonds of \$19.6 million was used for the construction of the Davis County Farmington campus. The Administration Building, Children's Justice Center, and the Farmington Headquarter Library are now all fully operational. The bonds were issued at extremely low net interest rate to the County of 3.01% and will be paid back over 28 years. The 2013 Federal Sequestration automatically reduced all federal payments by 8.7% (for the period from April through September) and

<b>Brian McKenzie</b> Elections Manager	<b>Yvonne Christensen</b> GRAMA Coordinator	<b>Curtis Koch</b> Chief Deputy/Audit & Finance	<b>Jonathan Lee</b> Finance Director	<b>Lesa Page</b> Administrative Assistant	<b>L. Douglas Stone</b> Lead Reporting Auditor	<b>Dax J. Teuscher</b> Internal Auditor	<b>Terry Tremea</b> Chief Deputy/Internal Audit
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7.2% (from October through December) and thus affected the amount of interest subsidy that the County received from the IRS. The Sequestration increased the County's 2013 bond interest expense by approximately \$67 thousand dollars. Accordingly, the County has budgeted conservatively as if the reduction would remain in effect for 2014. In the future, however, it is expected that the full subsidy would be restored.

Departments have been very frugal in their utilization of budget appropriations. We have held off hiring a number of approved positions in the 2013 year and have budgeted relatively flat in many areas to compensate for increased operating costs. The 2014 budget includes approximately the same number of FTEs as in 2013. As of November 2013, the actual FTE count for the County was 870. And once again the County anticipates staying below the approved FTE levels.

Davis County continues to maintain the highest bond rating available minimizing interest costs to our taxpayers. In 2013, Standard and Poor's Rating Services reaffirmed the County's AA- bond rating for its Municipal Building Authority's lease revenue bonds. The County also maintains a MIG-1 rating from Moody's investment services for its annual Tax Revenue Anticipation Notes. The MIG-1 rating is the highest rating that Moody's offers for short-term investments.

Health insurance providers nationwide are taking needed increases to maintain a positive business posture and we have built into the 2014 budget the anticipated 4% increase in those benefit costs.

As you consider your comments, please note the following areas on the "Where Your Property Tax Goes" summary as the areas that Davis County Government has responsibility and oversight for. As presented in the 2014 budget this evening, the Davis County portion approximates 20% of your total property taxes consisting of the line items for Davis County Government and the Davis County Library system.

The remaining approximate 80% of the property taxes shown on this graph are collected for the Davis School District, Cities, Sewer and Water Districts, Weber Basin Water, Fire Districts, Recreation District, and Mosquito Abatement and are distributed to those taxing entities and their respective budgets. Those budget hearings are under the management and control of those separate entities and are not included in the Davis County Budget.

As we progress through the 2014 year and continue to monitor the economic climate, we will be ready to react to any additional material downward or upward changes in revenue with offsetting changes in expenditures.

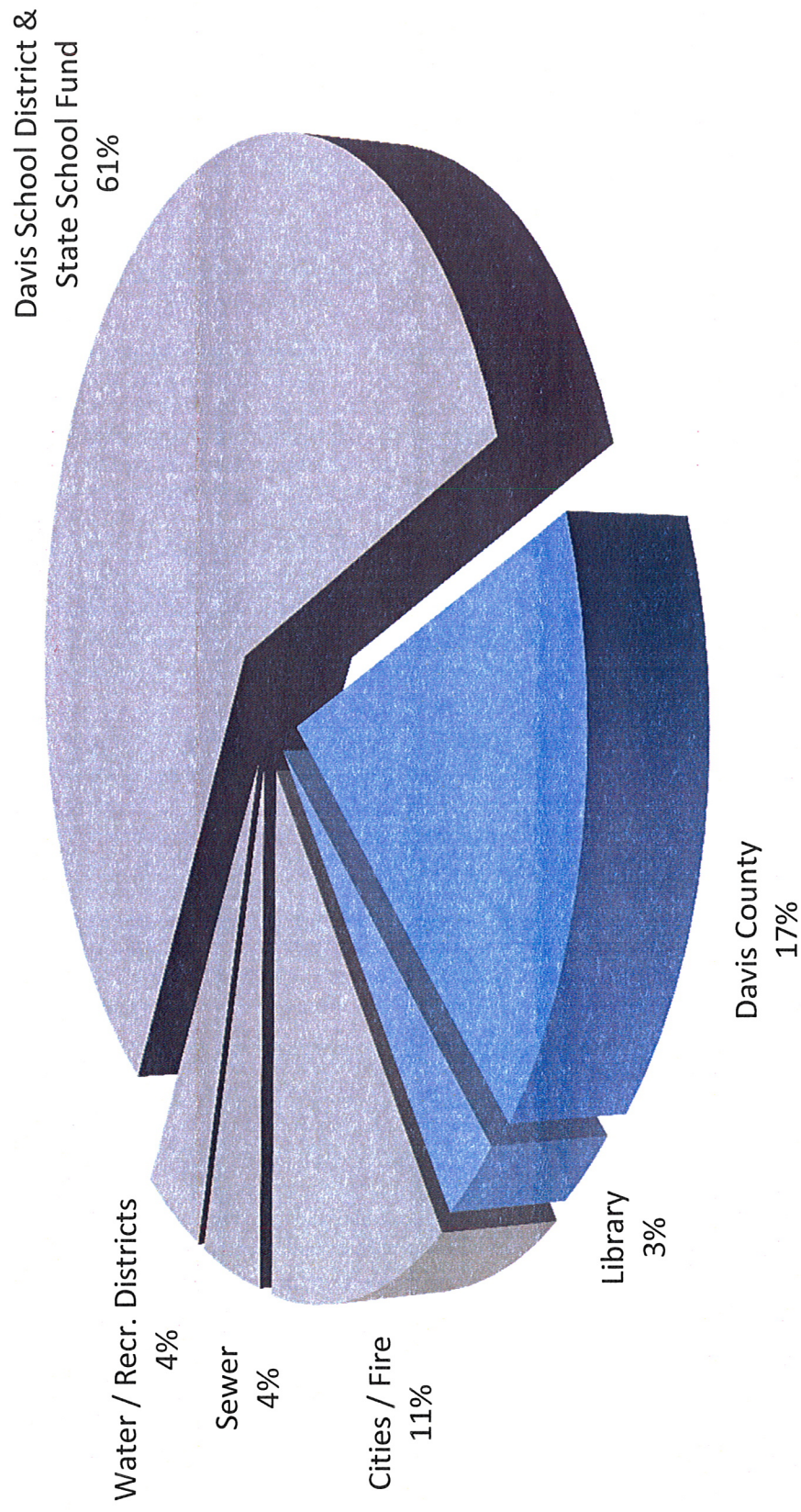
Commissioners and others attending, this concludes our budget message for the 2014 Budget. It is our recommendation that you now consider this budget for approval.

**Davis County Budget Committee:**

*Steve S. Rawlings, Clerk/Auditor and Budget Officer; John Petroff, Commission Chair; Louenda Downs, Commissioner; Bret. Millburn, Commissioner; Mark Altom, Treasurer; Mark Langston, I.S. Director; Mel Miles, Personnel Director; David Cole, Chief Deputy Attorney; Curtis Koch, Chief Deputy Audit/Finance; Jonathan Lee, Finance Director; and Terry Tremea, Chief Deputy Internal Audit.*



Where the "2013 Average" property tax dollar will go (estimated)....



DAVIS COUNTY, UTAH - PROPOSED BUDGET HIGHLIGHTS  
Proposed 2014 Budget

	<u>2013 Budget</u>	<u>2014 Budget</u>	<u>Funding Source</u>
Balanced budget	Yes	Yes	All
Operating budget (expenditures)	<b>\$103.8 Million</b> (adjusted)	<b>\$104.8 Million</b>	All
Reductions to department requests	<b>\$4.0 Million</b>	<b>\$7.4 Million</b>	All
Property tax increase	None	None	All
November actual FTE'S	870	870	All
Cost of living adjustment	1% (eligible employees)	None	All
Performance pay	Yes Avg. 2.0%	Yes Avg. 2.0%	All
Health care premium increases	5%	4%	All
Flood projects funded from bond reserve / projects fund	<b>\$2.9 Million</b>	<b>\$2.0 Million</b>	Flood Control Fund Balance
Construction of HQ Library, Admin, CJC	<b>\$2.3 Million</b>	Completed	\$19.6 Million Recovery Zone Bonds
Construction of Kaysville Library	<b>\$81 Thousand</b>	<b>\$1.75 Million</b>	Library Fund Balance
Use of accumulated fund balance	<b>\$2.2 Million</b>	<b>\$1.7 Million</b>	

Budget Committee Members: Bret Millburn, John Petroff, Louenda Downs, Mel Miles, Mark Langston, Mark Altom, Steve Rawlings, David Cole, Curtis Koch, Jonathan Lee, Terry Trenea.

Support Staff: Jana Bake, Janet Hansen, Lesa Page.